

Impact of Budget on Common Public

We, the common people had lots of expectations from the Budget 2012-13 in terms of more income tax exemption, more deductions in income tax & control of inflations. But the actual picture is far away from our expectations. Obviously common man will also talk about growth and industrial developments but, certainly being more concerned about inflation. Inflation has been an interesting topic of discussion and it seems that the Government could do little to control the inflation. Now take a look what common people had get from the budget:

The union budget has increased in Tax exemption limit of Rs.20000 for general category male giving Tax Relief of Rs. 2000 & Rs.10000 for female giving Rs.1000 tax Relief for the individuals having an income upto Rs. 8lacs. Rs. 5000 deduction will be allowed for preventive Health check up u/s 80D but the same is within the total limit of Rs. 15000 only & threshold limit of 80D now will be used for Mediclaim policy as well as for preventive health check up. So the individual having a mediclaim policy equal to or above Rs. 15000 is not going to have any benefit from this.

Further finance minister has declared a new scheme in union budget called Rajiv Gandhi Equity Savings scheme, is proposed in the Union Budget 2012-13 to encourage flow of saving in financial instruments and improve the depths of domestic capital market. Now the Individuals having income upto Rs.10 lacs can buy stocks up Rs.50000 in stocks with a lock in period of 3 years & will get 50% of the Investment under the scheme i.e. upto Rs.25000. But the deduction into Infrastructure Bond upto Rs.20000 will no more be there since this benefit was initially declared for the financial year 2010-11 which has been extended to the financial year 2011-12 but for the financial year 2012-13 it has not been extended. Therefore the Individuals need to invest double under the new scheme to get the same quantum of deduction what he/she is getting by investing in the Infrastructure Bonds.

But our expenses are bound to go up more than what we relief we are getting since the service tax net has been widened to include almost all services that comprise a huge chunk of the household consumption basket. Only 17 items, such as essential education, public transport and services meant for agriculture, are exempt from this tax. Union Budget has proposed to increase the Service Tax by 2.06% which will certainly increased the bill of your Telephone, Coaching Classes, Eating Out, Gyms, Cable TV, Health Care, Life Insurance Premium, Real Estate/Stock Broker Salons, Air travel, Courier & Packaging Services etc.

Even the hike in excise duty and customs duty is going to bloat our expenses as manufacturers are bound to pass these on to the end-consumer. Be prepared to pay more on everything from cigarettes and cosmetics to watches and washing machines. Prices of Jewellery Items also rise as customs duty on Gold & Platinum has been hiked from 2% to 4% while Excise duty on gold

has been increased from 1.5% to 3%. In short finance minister gives something by on hand while takes away a lot by another by increasing indirect taxes.